

PATENT COOPERATION TREATY
PCT

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INTERNATIONAL PRELIMINARY EXAMINATION REPORT
(PCT Article 36 and Rule 70)

Applicant's or agent's file reference 1624-16-1	FOR FURTHER ACTION International filing date (day/month/year) 26 MAY 2000	See Notification of Transmittal of International Preliminary Examination Report (Form PCT/IPEA/416) Priority date (day/month/year) 28 MAY 1999
International application No. PCT/US00/14592	International Patent Classification (IPC) or national classification and IPC IPC(7): G06K 5/00, 7/02, 15/00 and US Cl.: 235/449, 379, 380, 382, 487, 493	
Applicant UTM SYSTEMS CORP.		

1. This international preliminary examination report has been prepared by this International Preliminary Examining Authority and is transmitted to the applicant according to Article 36.

2. This REPORT consists of a total of 4 sheets.

This report is also accompanied by ANNEXES, i.e., sheets of the description, claims and/or drawings which have been amended and are the basis for this report and/or sheets containing rectifications made before this Authority. (see Rule 70.16 and Section 607 of the Administrative Instructions under the PCT).

These annexes consist of a total of 0 sheets.

3. This report contains indications relating to the following items:

- I Basis of the report
- II Priority
- III Non-establishment of report with regard to novelty, inventive step or industrial applicability
- IV Lack of unity of invention
- V Reasoned statement under Article 35(2) with regard to novelty, inventive step or industrial applicability, citations and explanations supporting such statement
- VI Certain documents cited
- VII Certain defects in the international application
- VIII Certain observations on the international application

Date of submission of the demand 20 DECEMBER 2000	Date of completion of this report 29 JUNE 2001
Name and mailing address of the IPEA/US Commissioner of Patents and Trademarks Box PCT Washington, D.C. 20231 Facsimile No. (703) 305-3230	Authorized officer Daniel St.Cyr Telephone No. (703) 305-2656

INTERNATIONAL PRELIMINARY EXAMINATION REPORT

International application No.

PCT/US00/14592

I. Basis of the report

1. With regard to the elements of the international application:*

 the international application as originally filed the description:

pages 1-14

, as originally filed

pages NONE

, filed with the demand

pages NONE

, filed with the letter of

 the claims:

pages 15-18

, as originally filed

pages NONE

, as amended (together with any statement) under Article 19

pages NONE

, filed with the demand

pages NONE

, filed with the letter of

 the drawings:

pages 1-6

, as originally filed

pages NONE

, filed with the demand

pages NONE

, filed with the letter of

 the sequence listing part of the description:

pages NONE

, as originally filed

pages NONE

, filed with the demand

pages NONE

, filed with the letter of

2. With regard to the language, all the elements marked above were available or furnished to this Authority in the language in which the international application was filed, unless otherwise indicated under this item.

These elements were available or furnished to this Authority in the following language _____ which is:

 the language of a translation furnished for the purposes of international search (under Rule 23.1(b)). the language of publication of the international application (under Rule 48.3(b)). the language of the translation furnished for the purposes of international preliminary examination (under Rules 55.2 and/or 55.3).

3. With regard to any nucleotide and/or amino acid sequence disclosed in the international application, the international preliminary examination was carried out on the basis of the sequence listing:

 contained in the international application in printed form. filed together with the international application in computer readable form. furnished subsequently to this Authority in written form. furnished subsequently to this Authority in computer readable form. The statement that the subsequently furnished written sequence listing does not go beyond the disclosure in the international application as filed has been furnished. The statement that the information recorded in computer readable form is identical to the written sequence listing has been furnished.4. The amendments have resulted in the cancellation of: the description, pages NONE the claims, Nos. NONE the drawings, sheets/fig NONE5. This report has been drawn as if (some of) the amendments had not been made, since they have been considered to go beyond the disclosure as filed, as indicated in the Supplemental Box (Rule 70.2(c)).**

* Replacement sheets which have been furnished to the receiving Office in response to an invitation under Article 14 are referred to in this report as "originally filed" and are not annexed to this report since they do not contain amendments (Rules 70.16 and 70.17).

**Any replacement sheet containing such amendments must be referred to under item 1 and annexed to this report.

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International application No.

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V. Reasoned statement under Article 35(2) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement**1. statement**

Novelty (N)	Claims	<u>NONE</u>	YES
	Claims	<u>1-24</u>	NO
Inventive Step (IS)	Claims	<u>NONE</u>	YES
	Claims	<u>1-24</u>	NO
Industrial Applicability (IA)	Claims	<u>1-24</u>	YES
	Claims	<u>NONE</u>	NO

2. citations and explanations (Rule 70.7)

Claims 1-24 lack an inventive step under PCT Article 33(3) as being obvious over Kolls, WO 9,607,134. Kolls discloses a system and method for networking and controlling vending machines comprising: a magnetic card (not shown) is passed through card reader 16 and the information from the magnetic strip of the magnetic card is read by card reader 16. Certain portions of or all of this magnetic information is transmitted over a communication line 40 to a remote credit verification location 46. Communication line 40 can take the form of a telephone line, dedicated telephone line, cellular communication line or a local area network. The type of communication line required will depend upon the location and use of a particular vending machine. A keypad 18 is also provided for entering key code information. A keypad with one or more keys can be provided, depending on the type of user input which may be required. In the case of a bank issued debit card, such as an ATM card, a personal identification number (PIN) may be required (see page 19).

Kolls fails to disclose all details' description of the system, such as encrypting the information before transmitting the information to the server and/or storing each device identification within each device.

However, official notice is taken that it is notorious old and well known in the art and required by the federal trade commission to encrypt financial information before transmitting the information through a medium for preventing unauthorized individuals from intercepting the information. Therefore, it would have been obvious for a person of ordinary skill in the art at the time the invention was made to encrypt the information of Kolls' system before transmitting the information to the server in order to provide a more secure network. With regard to having the device identification information within the device, Kolls discloses controlling the different products within a plurality of vending machines. A code an/or an identification would be required in order to identify each machine and their products in order to provide optimal aid to customers. Therefore, it would have been an obvious expedient.

(Continued on Supplemental Sheet.)

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Supplemental Box

(To be used when the space in any of the preceding boxes is not sufficient)

Continuation of: Boxes I - VIII

Sheet 10

V. 2. REASoNED STATEMENTS - CITATIONS AND EXPLANATIONS (Continued):

Claims 1-24 meet the criteria for industrial applicability set out in PCT Article 33(4), because the present claimed invention is useful in the industry.

NEW CITATIONS

US 5,644,727 A (ATKINS) 01 July 1997 (01.07.1997), see entire document.

WO 9,607,134 (KOLLS) 07 March 1996 (07.03.1996), see entire document.